

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2017- -C

IN RE:

SOUTH CAROLINA UNIVERSAL SERVICE FUND))))))	PETITION OF THE OFFICE OF REGULATORY STAFF TO SUSPEND INVOICING FOR THE MONTH OF DECEMBER 2017
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INTRODUCTION

The South Carolina Office of Regulatory Staff (“ORS”), by filing this petition, respectfully shows and requests of the Public Service Commission of South Carolina (“Commission”) that:

1. The Commission is a state agency constituted pursuant to the laws of the State of South Carolina with its business offices located in Columbia, South Carolina. Further, the Commission is responsible for the regulation of telephone utilities operating for compensation as set forth in S.C. Code Ann. § 58-9-10 et seq. (Supp. 2016).
2. ORS is charged with the duty to protect the public interest pursuant to S.C. Code Ann. § 58-4-10, et seq. (Supp. 2016).
3. ORS is the designated administrator of the State Universal Service Fund (the “Fund” or “USF”) as set forth in S.C. Code Ann. § 58-9-280 (E)(1) (Supp. 2016). As the designated administrator of the Fund, ORS has authority to assess, disburse, and perform all other ministerial functions connected with administering the USF as may be appropriate within the existing guidelines.¹

¹ See Order No. 2005-7 page 1.

4. The Commission has ordered wireless retail carriers operating in this State to contribute to the USF beginning in 2017 in the same manner as other telecommunications providers.²

5. The State Telecom Equity in Funding Act (the "Act") went into effect in May of 2016 and implemented a number of changes and enhancements to the USF³:

- a. The Act merged the Interim Local Exchange Carrier ("Interim LEC") Fund into the USF and capped the State high-cost support of the USF at approximately \$41.3 million, the level of the disbursements to providers from the two funds combined in 2015.
- b. Sellers of prepaid wireless telecommunications services to consumers must collect a USF fee and remit the sum to the South Carolina Department of Revenue ("DOR").
- c. ORS is required to set the contribution amount for prepaid wireless sellers each year as a fixed per-transaction fee for each point of sale transaction.
- d. The 2017 per-transaction fee for prepaid sellers has been set at \$0.50 per transaction and DOR will collect this fee through its Form ST-406. Sellers may retain a 3% administrative fee.
- e. As mandated by Order No. 2016-22, wireless carriers are required to contribute to the State USF and remit to DOR.
- f. ORS has established each carrier's USF contribution amount and ORS or DOR will invoice carriers this amount on a monthly basis. DOR sends

² See Order No. 2016-22 page 40.

³ See 2016 S.C. Acts 181.

invoices to wireless carriers and ORS sends invoices to regulated/certificated wireline carriers.

- g. DOR is required to transfer the USF receipts, less the amount equal to DOR's actual incremental increase in administrative cost, to the USF.

6. ORS is administering the USF pursuant to the guidelines set out in Commission Order No. 2016-756.⁴

7. The above referenced new laws and Orders required significant changes to the administration of the USF, including how contributions are collected and which agencies collect. With different types of carriers, different contribution mechanisms, and different collecting agencies the USF has become more complicated to forecast and collect. ORS projects that it will collect all that is required of contributing carriers with the receipt of payments from the November invoicing. To avoid over-collection and the subsequent need for repayment, ORS proposes to forego invoicing the contributing carriers for the month of December 2017.

8. Communications carriers or providers that would not be billed for the month of December 2017 include the following:

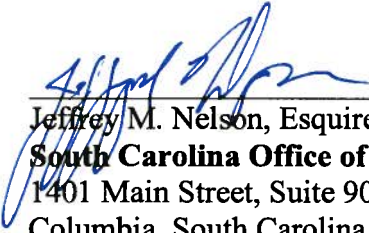
- a. Telephone Utilities with a certificate of public convenience and necessity, and identified in S.C. Code Section 58-9-280(E) (2) (a).
- b. Commercial Mobile Radio Services (CMRS) providers identified in S.C. Code Section 58-9-280 (E)(3), and PSC Order No. 2016-22.

9. Retail outlets and providers offering prepaid wireless service will continue submitting payments through December.

⁴ See Order No. 2016-756.

10. As new carriers increase the accuracy of their USF Worksheet data submissions, and ORS refines its forecasts of annual prepaid wireless transactions, ORS anticipates an improved correlation between annual USF collections and USF disbursements.

WHEREFORE, the ORS respectfully requests the Commission issue an order allowing ORS to forego invoicing the carriers contributing to the USF for the month of December 2017.



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